

FISCAL NOTE

SB 1734 - HB 1661

April 10, 2003

SUMMARY OF BILL: Lowers the mandatory age requirement for attending school from 17 years of age to 16 years of age.

ESTIMATED FISCAL IMPACT:

Decrease State Expenditures - \$5,471,000 FY04-05 One-Time
Decrease Local Govt. Expenditures - \$8,122,000 FY04-05 One-Time
Increase Local Govt. Revenues - \$325,000 FY04-05 One-Time
Decrease Local Govt. Revenues - \$5,796,000 FY04-05 One-Time

Estimate assumes:

- The maximum number of students dropping out at age 16 would be the number of students who currently drop out at age 17. The above estimate will be less to the extent fewer students drop out at age 16 as opposed to age 17.
- Students who currently drop out after reaching age 18 would not drop out any sooner.
- In 2001-02, 3,377 students dropped out of Tennessee public schools before age 18.
- Reductions in state expenditures and changes in local government revenues are the result of the impact of fewer students on the BEP formula. The fiscal impact would not occur until FY2004-05 because BEP funding is based on prior year adjusted ADM counts.
- Local government savings was determined by multiplying the cost per student of approximately \$2,405 (which includes the cost of a teacher, equipment, supplies, exit exams, textbooks and travel) by the number of students who dropped out of public schools before age 18 (3,377).
- Districts can achieve savings through reductions in services proportional to the decline in students from additional dropouts.
- Districts will be unable to reduce spending in other areas, such as administrative and capital costs.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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